GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:66
ANSWERED ON:19.02.2009
REDUCTION IN PRICES OF PETROLEUM PRODUCTS
Owaisi Shri Asaduddin;Vijay Krishna Shri

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has recently reduced the prices of petroleum products;

(b) if so, the details thereof,

(c) the extent to which the petroleum companies have made their losses good in the wake of reduced crude oil prices in the international market; and

(d) the present status of loss being suffered by the oil companies despite subsidy being given by the Government?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI MURLI DEORA)

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of Lok Sabha Starred Question No.66 by Shri Vijoy Krishna and Shri Asaduddin Owaisi to be answered on 19th February, 2009 regarding Reduction in prices of petroleum products.

(a) & (b) : In view of recent decline in the international oil prices,the Government has reduced the Retail Selling Prices of the sensitive petroleum products on two occasions as indicated below (at Delhi), with corresponding reductions in the rest of the country :

Effective from 6.12.2008 - Petrol by Rs.5/- per litre and Diesel by Rs.2/- per litre, and

Effective from 29.1.2009 - Petrol by Rs.5/- per litre, Diesel by Rs.2/- per litre and Domestic LPG by Rs.25/- per cylinder.

(c) & (d): The fall in international oil prices have given the Public Sector Oil Marketing Companies (OMCs) some relief. The gross under-recoveries for 2008-09, which were projected at Rs.2745,000 crore in June, 2008 are estimated to come down to around Rs. 1,03,908 crore.

However the financial position of the OMCs continues to be precarious due to the under-recoveries incurred on the sale of the four sensitive petroleum products during the period April-December 2008. As a result of these under-recoveries, the three OMCs - IOC, BPC and HPC have reported a combined loss of Rs.11,094 crore for the period April-December, 2008 against a profit of Rs. 9,679 crore in the corresponding period of 2007-08. These losses have accrued even after taking into account Oil Bonds of Rs.60,967 crore issued by Government and price discounts of Rs.32,000 crore given by the Public Sector Upstream oil companies during the period April-December, 2008.